

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

NO PROTEST RECEIVED
Release copies to District
Date 3/16/200
Surname [REDACTED]

Date: NOV 4 - 1999

Issuing Specialist:
[REDACTED]

ID Number:
[REDACTED]

Telephone Number:
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Employer Identification Number: [REDACTED]

Dear Application:

This is in reply to your application for recognition of exemption under section 501(c)(3) of the Internal Revenue Code and your letter of [REDACTED]

We have reviewed your letter and have determined that we will grant you a sixty day extension within which to protest our proposed adverse determination of [REDACTED]

If we do not hear from you by [REDACTED], we will assume that you have elected not to protest this proposed ruling in a timely manner. Failure to protest a proposed adverse section 501(c)(3) determination is considered by the Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the United States Tax Court, the U.S. Court of Federal Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you by [REDACTED], our [REDACTED], ruling will become final and copies will be forwarded to your Key District Director. Thereafter, any questions about your federal tax status should be addressed to that office. Also, the appropriate State officials will be notified of this action in accordance with section 6104(c) of the Code.

Sincerely yours,

(signed) Garland A. Carter

Garland A. Carter
Chief, Exempt Organizations
Technical Branch 2

RECEIVED 2
[REDACTED]

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Date:

Contact Person:

ID Number:

Contact Number:

[REDACTED]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code. We have concluded that you have failed to establish that you are exempt from federal income tax under this section. The following explanation provides the basis for our conclusions.

The information submitted indicates that you were incorporated on [REDACTED], in [REDACTED]. Your purposes are "to function as a self-help social benevolence and Philanthropic Organization providing housing to all its members thru (sic) self-help contributions. To acquire suchsaid properties from individuals, real estate agents, govèrnment (sic) foreclosures, in-rems porperties (sic) either by direct purchase or thru (sic) auctions; or if possible to acquire lands for construction purposes. To provide home (sic) for all for both (sic) members who wanted to purchase their own but could not afford thru (sic) banks or those who have been made homeless thru (sic) disaster or eviction from their apartments due to unpaid rents and unempolyment (sic). To create jobs for the members thru (sic) the construction of homes as they join thru (sic) self-help efforts developing their economy in building each other up."

The description of your proposed activities is vague. You will presumably implement a plan to provide opportunities for people to purchase homes without going through the traditional mortgage banking system. However, you do not provide a clear and complete description of how you intend to implement this plan.

In general, an organization that applies for recognition of exemption has the burden of proving that it clearly meets all of the requirements of the particular section of the Code under which it has applied. See Kenner v. Commissioner, 318 F. 2d 632 (7th Cir. 1963), and Cleveland Chiropractic College v. Commissioner, F. 2d 203, 206 (8th Cir. 1963).

Rev. Proc. 99-4, 1999-1 I.R.B. 129, provides in Section 8.01 that the Service may decline to issue a letter ruling or a determination letter when appropriate in the interest of sound tax administration or on other grounds whenever warranted by the facts or circumstances of a particular case.

[REDACTED]

Rev. Proc. 90-27, 1990-1 C.B. 514, provides in Section 5.01 that a ruling or determination letter will not be issued unless the application and supporting documents establish that the organization meets the particular requirements of the section under which exemption is claimed and that any facts as represented or alleged in the application, or added through subsequent submissions, must be written and submitted over the signature of an authorized individual.

Rev. Proc. 90-27, 1990-1 C.B. 514, provides in Section 5.02 that exempt status will be recognized in advance of operations only if the proposed operation can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements of the section under which exemption is claimed.... The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures or other means adopted or planned for carrying out the activities.... Where the organization cannot demonstrate to the satisfaction of the Service that its proposed activities will be exempt, a record of actual operations may be required before a ruling or determination letter will be issued. In those cases where an organization is unable to describe fully its purposes and activities, a refusal to issue a ruling or determination letter will be considered an initial adverse determination from which administrative appeal or protest rights will be afforded.

In your case, you will presumably implement a plan to provide opportunities for people to purchase homes without going through the traditional mortgage banking system. However, you do not provide a clear and complete description of how you intend to implement this plan. As such, you have not sufficiently described your proposed operations to permit a conclusion that you meet the requirements of section 501(c)(3) of the Code.

Accordingly, you have failed to establish that you are exempt from federal income tax as an organization described in section 501(c)(3) of the Code. You are required to file federal income tax returns on Form 1120.

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your principal officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request a conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

You will expedite our receipt of your protest by using the following address.

Internal Revenue Service
OP:E:EO:T:2, Room 6539
1111 Constitution Avenue, N.W.
Washington, DC 20224

If we do not hear from you within 30 days, this ruling will become final and copies of it will be forwarded to your key District Director. Thereafter, any questions about your federal income tax status or the filing of returns should be addressed to that office. Also, the appropriate state officials will be notified of this action in accordance with section 6104(c) of the Code.

[REDACTED]
[REDACTED]

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that "a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

Garland A. Carter
Chief, Exempt Organizations
Technical Branch 2